



ECONOMIC INDICATORS

CITY OF NORFOLK OFFICE OF BUDGET AND GRANTS MANAGEMENT

Last Update: October 2, 2013

IN THIS ISSUE.....

- Norfolk's unemployment rate in July stood at 7.5 percent (not seasonally adjusted), which was below the previous month's rate (7.6 percent) and the previous year's rate (8.7 percent). (See page 1)
VEC Statement: "Due to the suspension of Federal Government services, we are unable to release Virginia local unemployment rate statistics for August. During the shutdown, we will not be able to update any Bureau of Labor Statistics (BLS) data....Updates of BLS data...will start again when the Federal Government resumes operations."
- Virginia's nonfarm employment (not seasonally adjusted) rose in August by 0.8 percent (or 30,600 jobs) to 3,762,500 jobs from 3,731,900 jobs last year (August 2012), the 40th consecutive month of year-over-year increase. (See page 2)
- Hampton Roads nonfarm employment (not seasonally adjusted) rose 3.1 percent (or 23,000 jobs) in August to 773,900 from 750,900 jobs in August 2012, the 31st consecutive month of year-over-year increase. (See page 2)
- From January to August 2013, the average sales price of homes sold in Hampton Roads rose to \$235,059 from \$223,070, a 5.4 percent increase from the same period last year. (See page 3)
- In Norfolk, the average price of homes sold also increased year-to-date through August by 12.0 percent, from \$176,968 to \$198,172. The increase was seen in the average sales price of both existing and new homes. (See page 3)
- The number of housing units in Norfolk authorized by building permits through August was up by 361 units, mainly due to housing units permitted in multi-family structures. (See page 4)
- In July, Norfolk sales taxes were down 9.4 percent (or \$247,500) from last year (July 2012). The decrease was mainly due to receiving last year one-time collections of sales taxes from prior years. (See page 5)
- Real GDP increased at an annual rate of 2.5 percent (third estimate) in the second quarter of 2013, faster than the 1.1 percent annual rate in the first quarter. (See page 6)

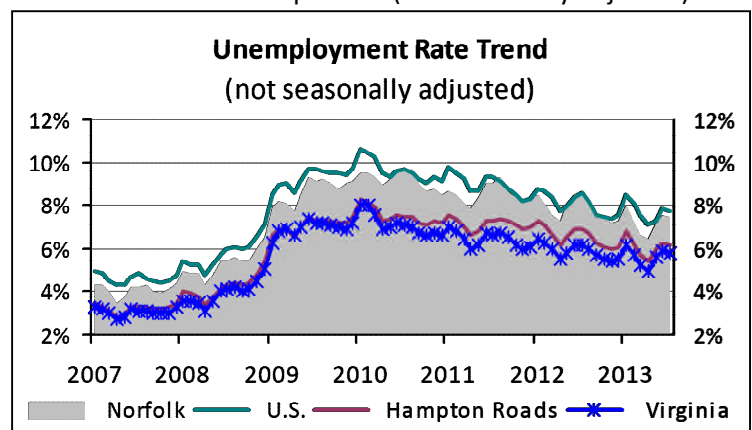
Residential Employment

Hampton Roads and State Unemployment Rate (not seasonally adjusted)

	July 2013*	June 2013	July 2012	10-Year Average
Norfolk	7.5%	7.6%	8.7%	6.4%
Chesapeake	6.0%	6.1%	6.5%	4.8%
Hampton	7.1%	7.1%	8.1%	5.9%
Newport News	6.6%	6.7%	7.5%	5.7%
Portsmouth	7.7%	7.8%	9.1%	6.5%
Suffolk	6.5%	6.5%	7.2%	5.3%
Virginia Beach	5.5%	5.6%	5.8%	4.4%
Hampton Roads	6.2%	6.3%	6.9%	5.1%
Virginia	5.8%	5.9%	6.2%	4.8%

The Virginia Employment Commission (VEC) reported that Norfolk's unemployment rate (not seasonally adjusted) fell to 7.5 percent in July, which was below last year (July 2012) and last month's rate (June 2013) by 1.2 percentage point and 0.1 percentage point, respectively. The unemployment rate in the region and in the state also fell year-over-year and from the previous month. According to the VEC, the unadjusted rate usually decreases from June to July as students entering the labor market who have not found summer employment leave the labor force.

Norfolk's unemployment rate has declined year-over-year in every month since October 2010. The year-over-year decline in July reflected a decline in unemployed Norfolk residents by 1,257 (13.5 percent), while employed residents grew by 2,628 (2.7 percent) and the labor force expanded by 1,371 residents (1.3 percent). Norfolk's unemployment rate remained below the national rate of 7.7 percent (not seasonally adjusted).

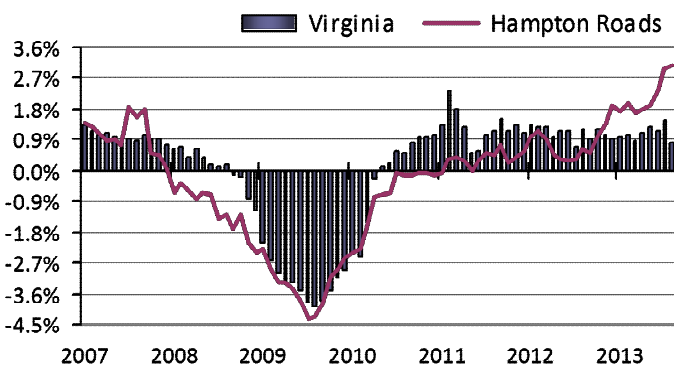


Source: Virginia Employment Commission and U.S Bureau of Labor Statistics.

* Preliminary, subject to revision.

State and Regional Job Growth

State and Regional Monthly Job Growth
(percentage growth over previous year)



In Virginia, nonfarm employment (not seasonally adjusted) rose in August by 0.8 percent (or 30,600 jobs) to 3,762,500 jobs from 3,731,900 jobs last year (August 2012), the 40th consecutive month of year-over-year increase that began May 2010. This was the smallest year-over-year increase since July 2012. Among the major industries, only information, federal government, construction, manufacturing, and mining/logging (not shown in the table below) had a decline in employment.

In Hampton Roads, nonfarm employment (not seasonally adjusted) rose in August by 3.1 percent (or 23,000 jobs) to 773,900 from 750,900 jobs last year (August 2012), the 31st consecutive month of year-over-year increase since February 2011. The growth was fairly broad based and employment declined in only a few major industries: wholesale trade; information; and federal government. The table below summarizes the state and regional employment changes in major industries.

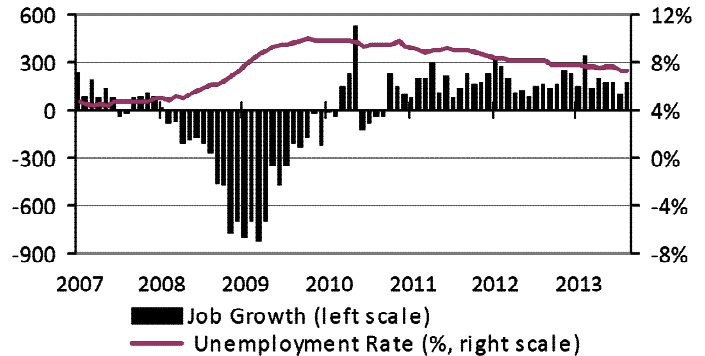
August Job Change in Select Industries

(not seasonally adjusted¹; job changes are from previous year)

	Hampton Roads ²	Virginia ²
Construction	4,700	-1,800
Manufacturing	1,700	-300
Trade (Retail and Wholesale)	-100	3,800
Transportation and Utilities	300	2,200
Information	-300	-2,500
Financial Activities	3,600	9,100
Professional and Business Services	2,500	800
Educational and Health Services	5,400	11,300
Leisure and Hospitality	5,300	6,700
Government	-200	100
<i>Federal Government</i>	-1,400	-3,000
<i>State Government</i>	700	300
<i>Local Government</i>	500	2,800

National Job Growth

National Job Growth and Unemployment
(job growth in thousands over previous month)



The Bureau of Labor Statistics (BLS) reported nonfarm payroll employment (seasonally adjusted) rose by 169,000 jobs in August, which follows June and July's downwardly revised gain of 172,000 and 104,000 jobs, respectively. With the combined downward revision (-74,000 jobs) in June and July, the number of jobs added year-to-date (YTD) totaled 1.442 million. This represents an average of 180,000 jobs added per month. Since February 2010 when total employment was at its lowest, the economy added about 6.8 million jobs, nearly four-fifths of the 8.7 million jobs lost from January 2008 to February 2010. Most of the jobs added have mainly been in the private sector, although local government has been adding jobs this year. In August, the seasonally adjusted unemployment rate fell slightly to 7.3 percent from 7.4 percent in July.

National Job Change by Industry

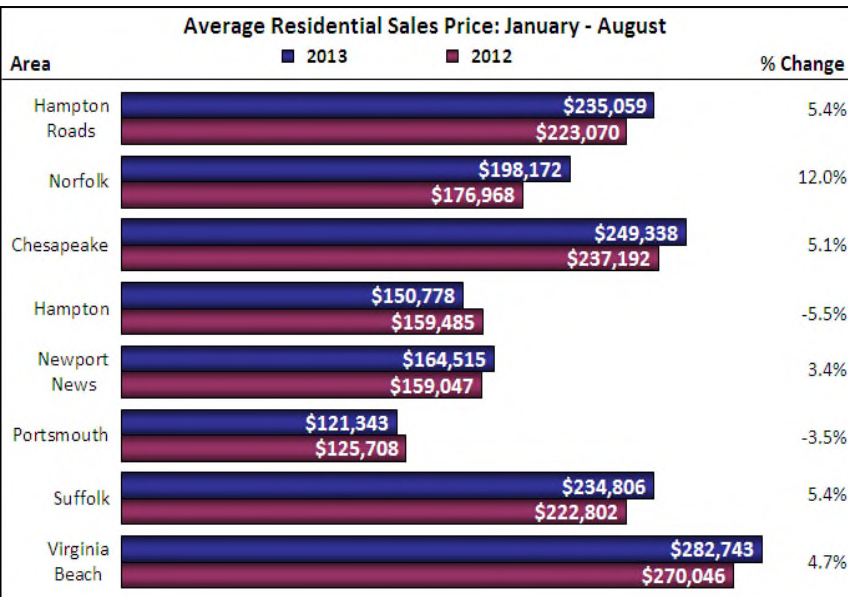
(seasonally adjusted; July/Aug. growth are from previous month)

	July 2013 ³	August 2013 ²	CY 2013 YTD ²
Mining & Logging	2,000	4,000	17,000
Construction	-3,000	0	87,000
Manufacturing	-16,000	14,000	12,000
Trade/Transportation/Utilities	45,000	64,000	268,000
Information	13,000	-18,000	7,000
Finance	17,000	-5,000	72,000
Professional/Business Services	32,000	23,000	456,000
Educational/Health Services	26,000	43,000	242,000
Leisure and Hospitality	13,000	27,000	311,000
Other Services	-2,000	0	13,000
Government	-23,000	17,000	-43,000
<i>Federal Government</i>	-11,000	0	-60,000
<i>State Government</i>	-8,000	-3,000	-32,000
<i>Local Government</i>	-4,000	20,000	49,000
Total Job Growth	104,000	169,000	1,442,000

Source: U.S Bureau of Labor Statistics and Virginia Employment Commission. ¹ Data on regional employment by industry available on a not seasonally adjusted basis only. ² Preliminary. ³ Revised.

Regional Housing Market

Jan. - August Home Sales	Housing Units Sold		Average Days on Market	
	2012	2013	2012	2013
Hampton Roads	13,281	14,680	98	89
Norfolk	1,639	1,783	97	91
Chesapeake	2,154	2,400	84	74
Hampton	936	942	110	100
Newport News	1,091	1,141	100	100
Portsmouth	744	818	106	97
Suffolk	760	876	103	94
Virginia Beach	3,849	4,231	85	74



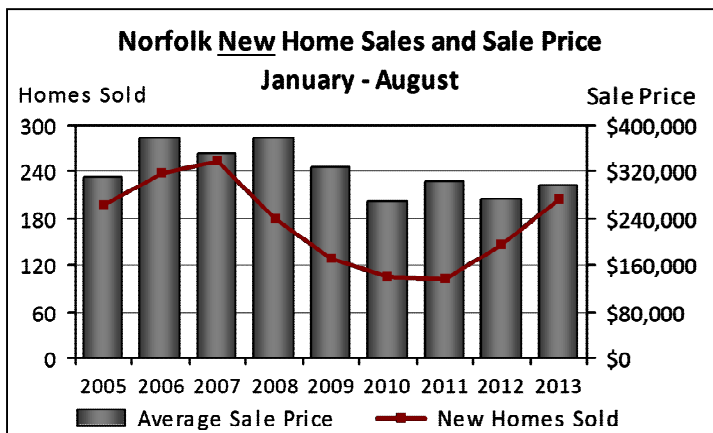
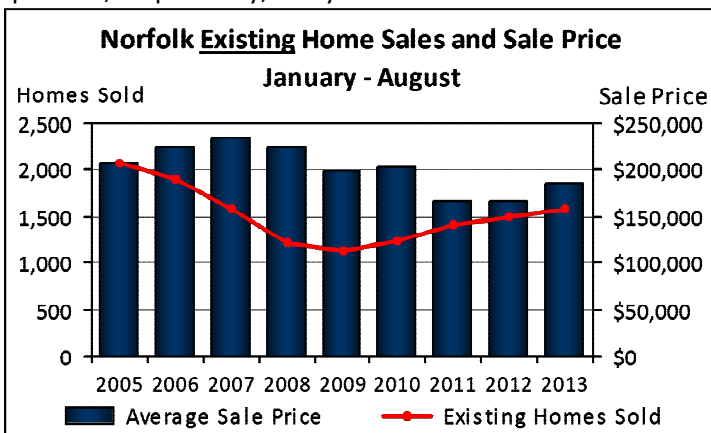
The Real Estate Information Network (REIN) reported that the average sales price of homes sold in Hampton Roads year-to-date (YTD) through August was up 5.4 percent, from \$223,070 last year to \$235,059 this year. Norfolk had the largest year-over-year percentage increase (12.0 percent) among the seven major cities in the region, while the average sales price declined year-over-year in Hampton (5.5 percent) and Portsmouth (3.5 percent). However, the increase in the average sales price in the region and Norfolk was 4.4 percent and 8.8 percent, respectively, when compared to the average sales price for all of 2012.

Home sales in the region rose from the same period last year by 10.5 percent YTD through August. All the seven major cities in the region have had an increase in home sales through August. In last month's report, REIN indicated that rising interest rates and home prices may be spurring homebuyers to complete their home purchase now instead of continuing to wait. Home sales are likely to continue rise over the near term. According to REIN, pending sales (homes under contract) were up 9.1 percent in August from last year. REIN also reported that residential listings (homes for sale) in Hampton Roads rose 0.85 percent in August, the first such increase in 31 months.

Norfolk Housing Market

Through August, existing home sales in Norfolk continued to rise from the same period last year, from 1,493 homes sold last year to 1,578 homes sold YTD, a 5.7 percent (85 homes) increase. The average sales price of existing homes sold YTD also rose 10.8 percent, from \$167,400 last year to \$185,400. The rise in price reflected a decline in existing homes sold for under \$100,000 and an increase in existing homes sold in the \$200,000 range, which accounted for 27 percent and 20 percent of existing homes sold YTD, respectively, compared to 33 percent and 16 percent last year.

New home sales also rose YTD to 205 homes from 146 homes sold during the same period last year. The average sales price of new homes sold increased by about 8 percent, to \$296,300 from \$275,000 last year. The price gain reflected an increase in new homes sold in the \$200,000 range and a decrease in new homes sold in the \$100,000 range, which accounted for about 68 percent and 9 percent of new homes sold, respectively, compared to 54 percent and 19 percent, respectively, last year.



Source: Real Estate Information Network (REIN)

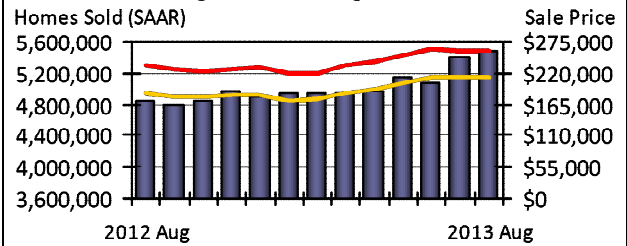
National Housing Market

Existing home sales nationally rose 1.7 percent in August from the previous month (July 2013) to a seasonally adjusted annual rate (SAAR) of 5.48 million, which according to the National Association of Realtors (NAR), was the highest rate since February 2007, the period when home values were just beginning to decline. NAR attributed the increase to rising mortgage interest rates, pushing people to purchase homes now. But NAR indicated that rising interest rates, along with higher home prices and limited inventory, will likely dampen home sales next year. Existing home sales were also above last year's rate by 13.2 percent, the 26th consecutive month of year-over-year increase. New home sales also rose 7.9 percent from last month to 421,000 (SAAR) and was above last year's rate by 12.6 percent.

The average sales price of existing and new homes sold in August both rose from last year by 11.0 and 4.4 percent to \$258,700 and \$318,900, respectively. The inventory of existing and new homes in August stood at 4.9 and 5.0 months supply, respectively.

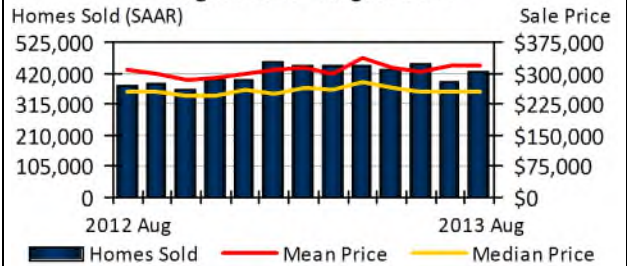
Existing Home Sales and Sale Price

August 2012 - August 2013



New Home Sales and Sale Price

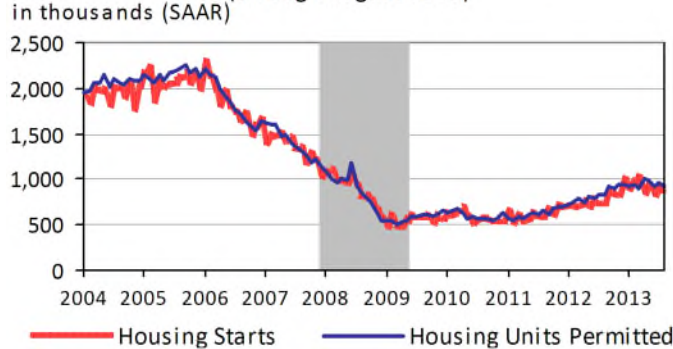
August 2012 - August 2013



National New Residential

National Housing Starts and Building Permits

(through August 2013)



In August, privately-owned housing starts rose for the second straight month to a seasonally adjusted annual rate (SAAR) of 891,000, an increase of 0.9 percent from last month (July 2013). The monthly growth was mainly from single-family housing starts, which rose 7.0 percent. Housing starts were also above last year's rate by 19 percent (August 2012), due to both single and multi-family housing starts.

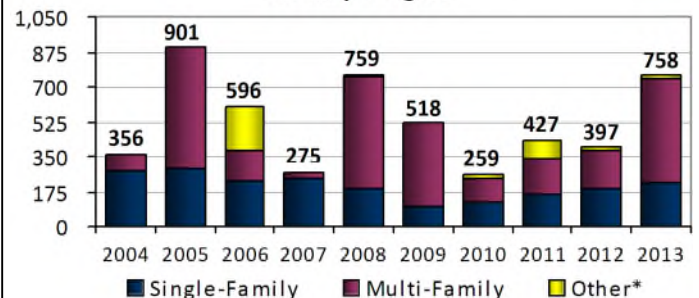
In comparison, privately-owned housing units authorized by building permits fell in August to 918,000 (SAAR) from 954,000 (revised) in July. The monthly decline was mainly due to housing units permitted in multi-family structures. From last year, housing units permitted rose 11 percent and has been rising year-over-year since May 2011.

The Census Bureau defines the start of construction when excavation begins for the footings or foundation of a building. A house is "completed" when all finished flooring has been installed or at the time of occupancy.

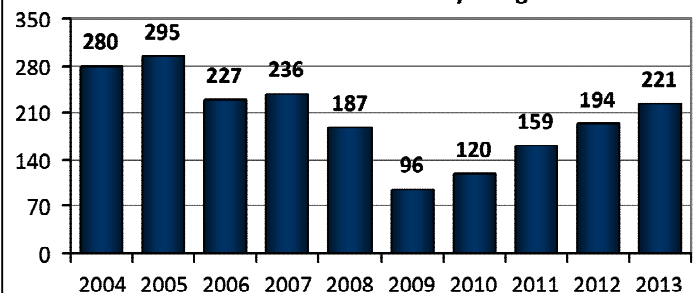
Norfolk Residential Building Permits

Through August, the number of housing units permitted in Norfolk rose by 361 units, from 397 units last year to 758 units this year. The increase year-to-date continues to be mainly from housing units permitted in multi-family structures, which includes several large projects such as, Element at Ghent (164 units), Point at Pickett Farms (168 units), and 416 Boush Street apartments (71 units). Single-family housing units permitted were also up 14 percent (27 units) and were at their highest level since 2008.

Number of Housing Units Permitted in Norfolk January - August



Number of New Single Family Dwellings Permitted in Norfolk: January - August

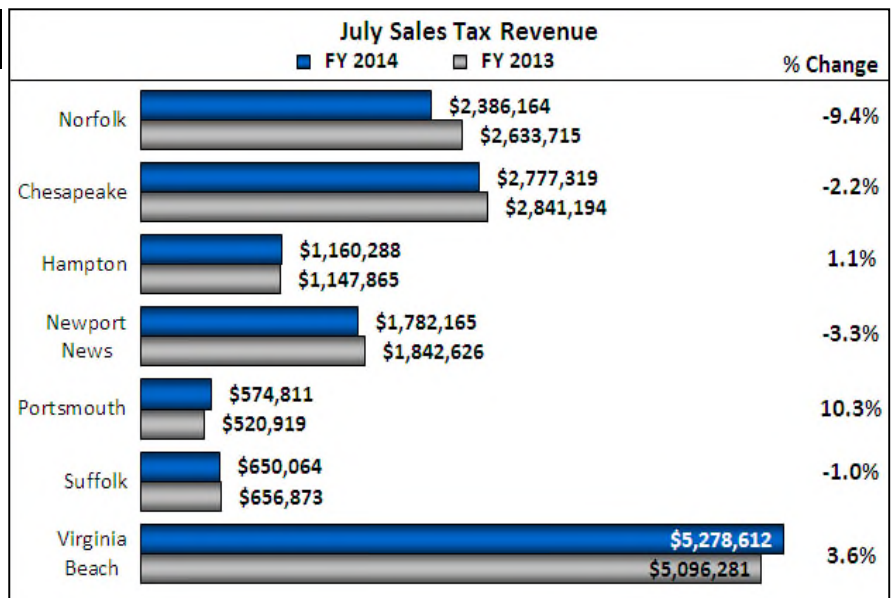


Source: National Association of Realtors (NAR), U.S. Census Bureau, and City of Norfolk Department of Development. * "Other" includes new units in mixed use structures, residential conversions, and accessory dwellings. Shaded area denotes recession.

Norfolk and Regional Sales Tax

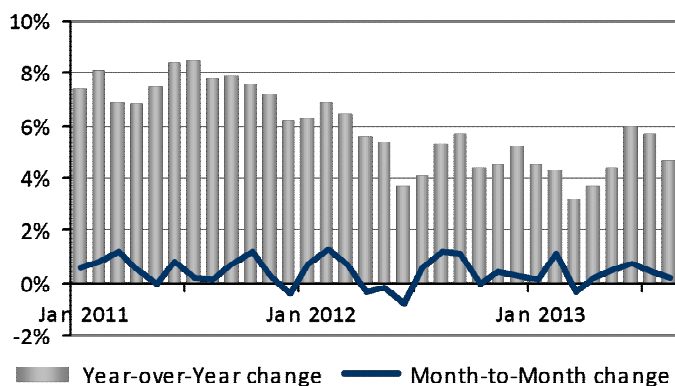
In July, Norfolk sales tax collections totaled about \$2.4 million, which was about 9.4 percent or \$247,500 below the amount collected in July last year. The decrease was mainly due to receiving last year one-time collections of sales taxes from prior years. Adjusting for the one-time collection of sales taxes from prior years and correction of an overpayment to Norfolk by the Department of Taxation, sales tax collections in July were about the same as last year.

Sales tax collections for the month of July also did not increase in several of the major cities of the region. Chesapeake, Newport News, and Suffolk also saw a decline in collections of 2.2 percent, 3.3 percent, and 1.0 percent, respectively. In contrast, sales tax collections rose in Hampton, Portsmouth, and Virginia Beach by 1.1 percent, 10.3 percent, and 3.6 percent, respectively.



National Retail and Food Service Sales

Percent Change in National Retail and Food Service Sales
(seasonally adjusted but not adjusted for price changes)

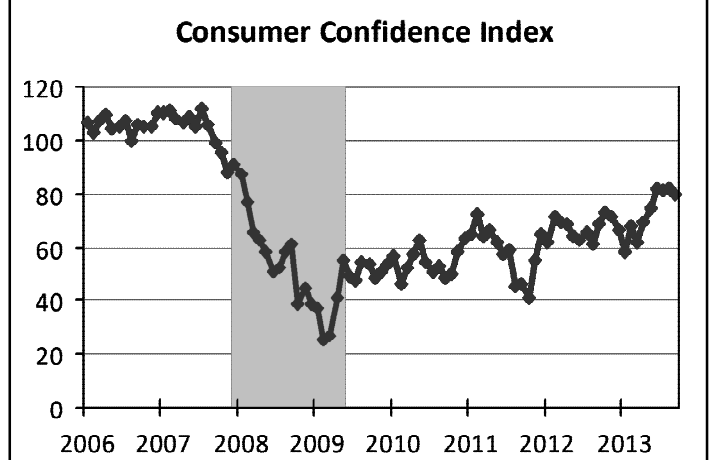


The U.S. Census Bureau reported national retail and food services sales in August rose 0.2 percent (preliminary) from the previous month (July 2013), for the fifth consecutive month. The majority (81 percent) of the increase were from motor vehicle sales. Sales from nonstore retailers (which include electronic shopping and mail order businesses), restaurants/bars, and health/personal care stores also added to the monthly growth.

Compared to the same period last year (August 2012), retail and food service sales were up 4.7 percent and have risen year-over-year every month since November 2009. The yearly rise in sales was broad based, with only department stores and gas stations among the major retail business categories seeing a decline. The decrease in gas stations sales reflected retail gas prices, which fell 13.5 cents (for all grades/formulations) to an average of \$3.645 per gallon from last year, according to the U.S. Energy Information Administration.

Source: Virginia Department of Taxation (TAX), U.S. Census Bureau, U.S. Energy Information Administration, and Conference Board.

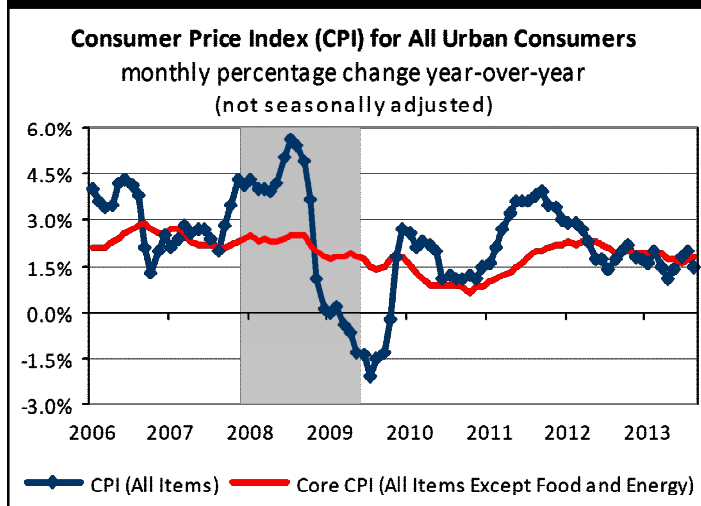
Consumer Confidence Index



The Conference Board reported consumer confidence fell in September to 79.7, from 81.8 in August. The fall was mainly due to consumer appraisal of future business conditions (as measured by the Expectations Index), which fell to 84.1 from 89.0 in August. In contrast, consumers' appraisal of current business conditions (as measured by the Present Situation Index) improved in September rising to 73.2 from 70.9 in August.

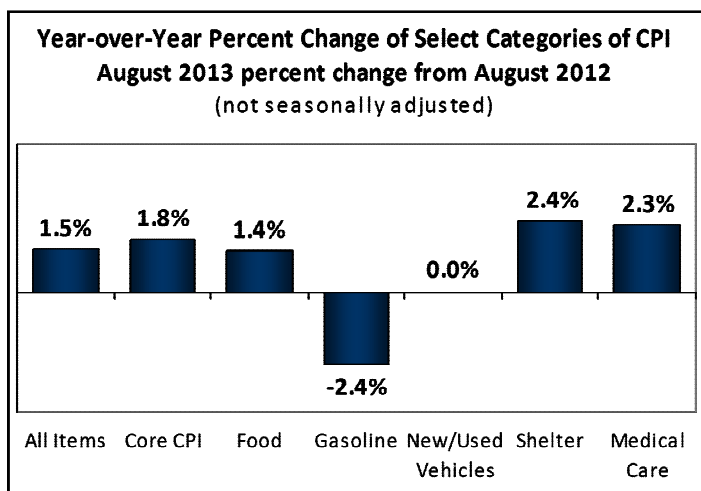
Lynn Franco, Director of Economic Indicators at The Conference Board indicated "Consumer Confidence decreased in September as concerns about the short-term outlook for both jobs and earnings resurfaced, while expectations for future business conditions were little changed. Consumers' assessment of current business and labor market conditions, however, was more positive. While overall economic conditions appear to have moderately improved, consumers are uncertain that the momentum can be sustained in the months ahead."

Consumer Price Index



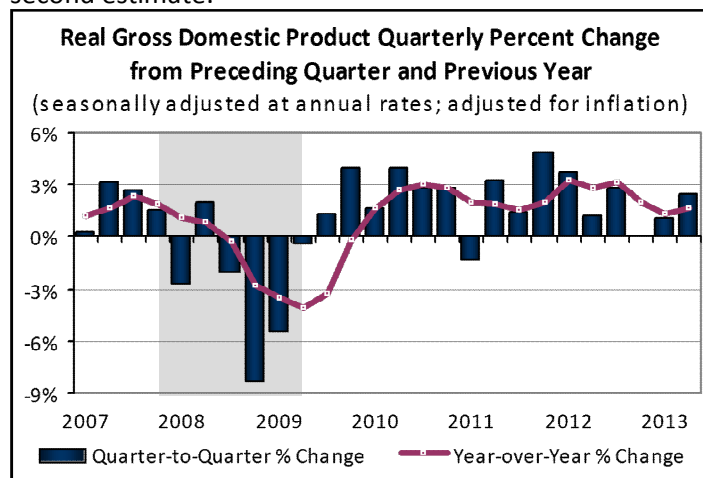
The Consumer Price Index (CPI) is a measure of the average change in prices over time of goods and services purchased by households. The Bureau of Labor Statistics (BLS) reported the CPI for all urban consumers rose for the fourth straight month in August from July by 0.1 percent (seasonally adjusted). Among the major categories, the food index rose 0.1 percent, while the energy index fell by 0.3 percent, after increasing for three consecutive months, due to the decline in the natural gas, gasoline and electricity indexes. The core CPI, which excludes food and energy, increased 0.1 percent, with the increase in the shelter and medical care indexes accounting for most of the 0.1 percent growth, according to BLS.

From the previous year, the CPI for all urban consumers rose 1.5 percent before seasonal adjustment. Among the major categories, the food index rose year-over-year by 1.4 percent, the same yearly increase seen every month since May. The energy index fell 0.1 percent, largely due to the 2.4 percent decline in the gasoline index. The decline in the energy index follows two consecutive months of year-over-year increases. The core CPI, which excludes food and energy, increased 1.8 percent.



Real Gross Domestic Product (GDP)

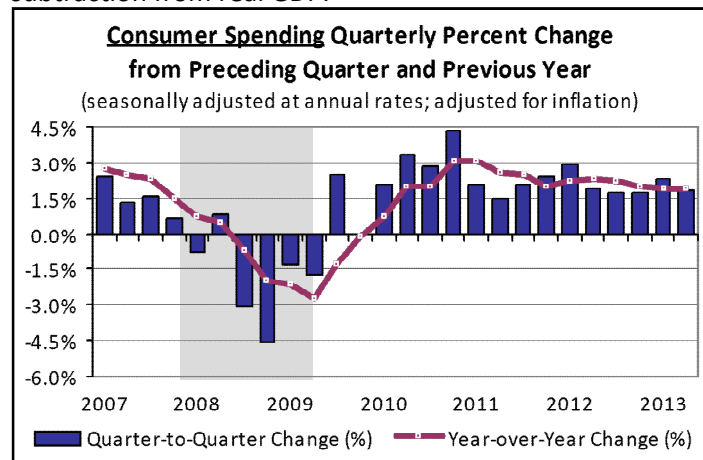
Real GDP is the value of all goods and services produced within the U.S., adjusted for inflation, and is the broadest measure of economic activity. The Bureau of Economic Analysis (BEA) reported real GDP rose at an annual rate of 2.5 percent (third estimate) in the second quarter of 2013, faster than the 1.1 percent annual rate in the first quarter. BEA indicated the third estimate was unchanged from the second estimate.



Real GDP growth in the second quarter reflected:

- **consumer spending** rising by 1.8 percent;
- **private residential investment** rising by 14.2 percent, after increasing 12.5 percent in the previous quarter;
- **business investment in structures, equipment, and intellectual property products** increasing 4.7 percent, after a 4.6 percent decline in the previous quarter;
- **business inventory investment** rising by \$56.6 billion, after a \$42.2 billion increase in the previous quarter;
- **exports** growing by 8.0 percent, compared to a 1.3 percent decline in the previous quarter; and
- **state/local government spending** rising 0.4 percent, after declining for three straight quarters.

These increases were offset by a decline in federal government spending and growth in imports, which are a subtraction from real GDP.



Source: U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics. Shaded areas represents recession as determined by the National Bureau of Economic Research.